

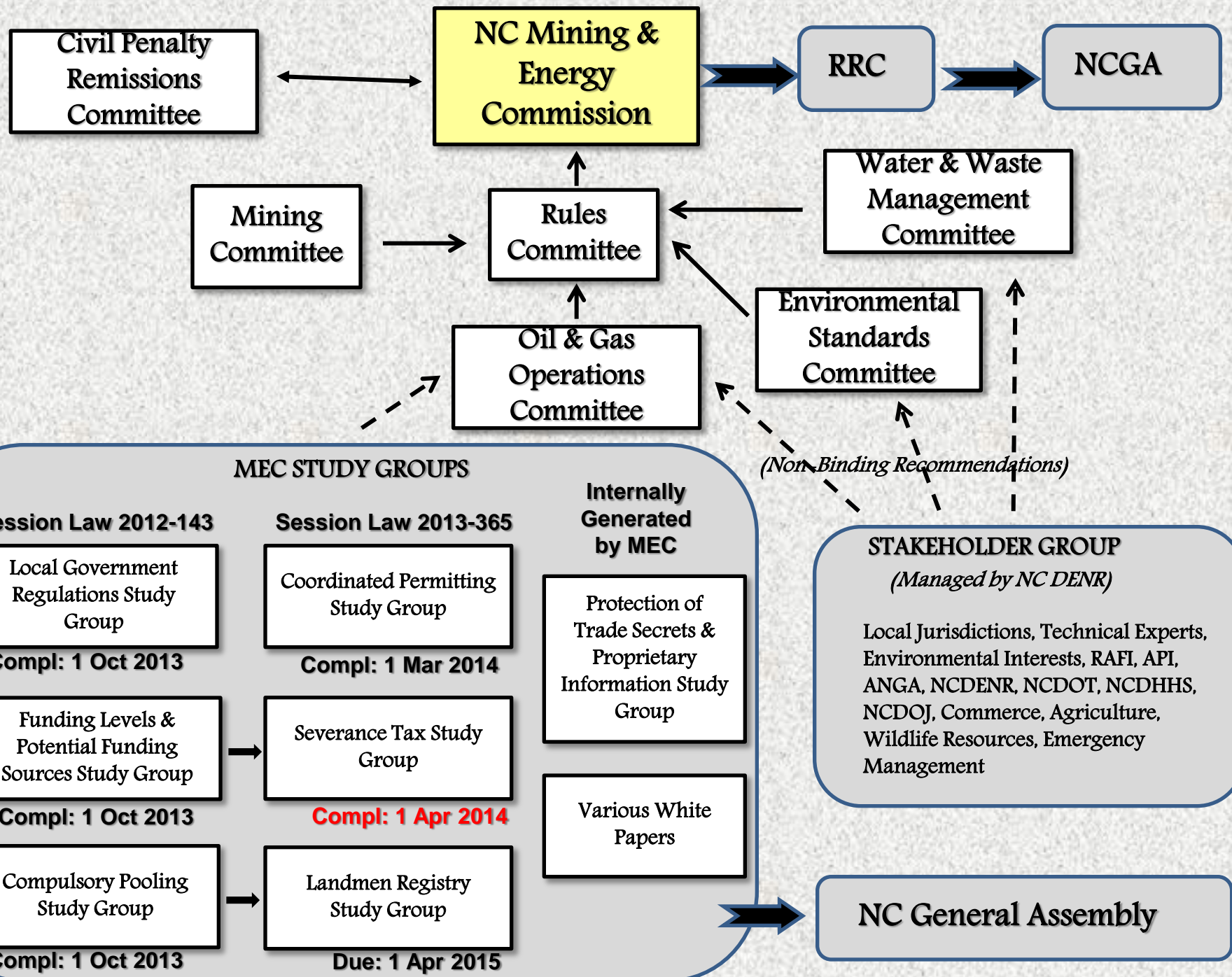
Update on Oil & Gas Regulatory Framework

April 1, 2014

Presented by:

North Carolina Mining & Energy Commission





MEC Accomplishments

- MEC Constituted by Statute-- 1 Aug 2012
- MEC Sworn In - 6 Sep 2012
- By-Laws Adopted & Committees Assigned-- 2 Nov 2012
- Staff Research & Presentations Began-- 18 Dec 2012
- Study Groups Began Meeting-- 8 Feb 2013
- First Rules Passed by MEC-- 3 May 2013
- Study Group Reports Transmitted-- Sep 2013
& Mar/Apr 2014
- Environmental Rules Complete- Jan 2014
- Water & Waste Management Rules Complete- Mar 2014

Rule-Writing Challenges

Need General Assembly's Assistance:

- Reduce from 5000' to 2500' the distance from wellhead within which recurring water sampling is required
- Need explicit authority from NCGA for DENR to review trade secrets asserted by industry

Special MEC Challenge:

- Develop health, safety, aesthetic, or other objective justification for each established set-back**

*****No evidence of this in other states; will be subject of further MEC study***

Recently Completed MEC Rules

- Chemical Disclosure Rules- Jan 2014
- Setback Rules- Jan 2014
- Well Spacing Rules- Jan 2014
- Site Infrastructure & Construction Rules- Feb 2014
- Operation & Production Rules- Feb 2014

Rules Committee & MEC Work to be Completed in April 2014

- Coordinated Permitting Rules
- Bonding & Reclamation Rules
- Unitization Rules
- Administration & Enforcement Rules

Current Milestones

- Complete MEC Internal Rule-writing-- Apr 16, 2014
- MEC Review of Full Subchapter-- May/June 2014
- Public Comment Period-- July 15 – Sept 15, 2014
- Public Hearing Dates-- August 19, 22, & 25 2014
- MEC Adoption of Rule-set-- 3 Oct 2014*
- RRC Consideration of Rules-- 20 Nov 2014
- NCGA 'Green Light' for Permitting-- O/A 1 Mar 2015
- First Horizontal Wells Permitted- April/May 2015

****S.L. 2012-143 Requires Adoption by Oct 2014***

Anticipated Future MEC Work

- Continue to monitor Rulemaking in Other States
- Complete & Document Baseline Studies
 - Water-Air-Seismic-SocioEconomic-Public Health
- Complete study on NC trade secret statutes & make recommendations by late 2014
- Complete study on Landmen Registry & report out formally by April 1, 2015
- Second Round of Rule-Making

Questions?

Commissioner Jim Womack
Chairman, Mining & Energy Commission
(919) 770-4783
commissioner.womack@gmail.com

Tracy E. Davis, PE, CPM
Director, Division of Energy, Mineral, and Land Resources
(919) 707-9200
tracy.davis@ncdenr.gov



To stay abreast of the activities of the Mining and Energy Commission

Join the Shale Gas Listserv at:

<http://lists.ncmail.net/mailman/listinfo/denr.shale.gas>

Or

Visit the Mining and Energy Commission web page at:

<http://portal.ncdenr.org/web/mining-and-energy-commission/home>

